



LEGISLATIVE FISCAL OFFICE
Streamlining Commission Analysis

Recommendation No. **RECOMMENDATION 147**
Streamlining Draft **AGOPRM 40**

| | |
|--|---------------------------------|
| Date: December 15, 2009 2:43 PM | Author: |
| Dept./Agy.: DOTD | Analyst: Travis McIlwain |
| Subject: Fleet Management | |

DOTD
Fleet Management

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DOTD employ the fleet management program to eliminate 20% of its cars and pickup trucks.

| EXPENDITURES | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 5 -YEAR TOTAL |
|----------------|----------|----------|----------|----------|----------|---------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | INCREASE | INCREASE | INCREASE | INCREASE | INCREASE | |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| REVENUES | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 5 -YEAR TOTAL |
|----------------|----------|---------|---------|---------|---------|---------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | INCREASE | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | INCREASE | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

EXPENDITURE EXPLANATION

Reducing the number of DOTD vehicles (cars & trucks) 20%, or 360 vehicles, is anticipated to result in a net annual expenditure increase in the amount of \$492,676. Although reducing the fleet is anticipated to result in annual maintenance savings of approximately \$477,720 per year, offsetting additional costs estimated at \$970,396 per year are anticipated to result in net additional annual expenditures.

According to DOTD, there are approximately 1,796 cars and trucks within its fleet. A 20% reduction represents a reduction of approximately 360 vehicles, of which DOTD is the process of surplusng 50 of these vehicles. According to the Louisiana Property Assistance Agency (LPAA), in calendar year 2008, the per vehicle maintenance expenditures (maintenance/insurance) was approximately \$1,327/vehicle (\$1,327 x 360 = \$477,720). Fuel expenditures will have no impact as fuel cost is contingent upon miles traveled and not the number of vehicles in need of maintenance.

(continued on page 2)

REVENUE EXPLANATION

This proposal will increase one-time state revenue in the amount of \$540,000 due to the surplus of vehicles reduced as a result of this proposal. According to the Louisiana Property Assistance Agency (LPAA), the average auction for a vehicle that is surplusd is approximately \$1,500. Thus, by reducing the number of DOTD cars and trucks from 1,796 to 1,436 (360 vehicle reduction) will result in one-time revenues of \$540,000 (\$1,500 x 360 = \$540,000).

The revenues generated from the auction will accrue to DOTD and the LPAA. Since these vehicles were likely purchased with Transportation Trust Fund monies, the LPAA will receive 20% of proceeds, classified as fees and self-generated revenues, and DOTD will receive 80% of the proceeds, classified as statutory dedicated funds.

LPAA - \$108,000
DOTD - \$432,000
Total - \$540,000

| | | | |
|---|---------------------|--|--|
| Senate | Dual Referral Rules | House | |
| <input type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost | | <input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost | H. Gordon Monk Legislative Fiscal Officer |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease | |



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CONTINUED EXPLANATION from page one: Page 2 of 2

However, these savings could be diminished due to DOTD expending additional operating expenditures in the amount of approximately \$970,396 associated with 247 vehicles being employees’ personal vehicles, which would result in per mile reimbursement costs, operated within a departmental rental pool or other rental vehicles. The specific break down of the anticipated operational cost increase is: 1.) an additional 157 personal vehicles being utilized at a cost of \$460,296 (885,184 miles/year x \$0.52/mile), 2.) pooling a minimum of 35 vehicles in a departmental rental pool at a projected cost of \$267,000 (35 cars x 45 weeks x 5 days x \$34/day), 3.) 55 being rental vehicles at a projected cost of \$243,100 (55 cars x 26 weeks x 5 x \$34/day).

This recommendation may result in DOTD studying its current operational structure closer to determine the appropriate level of vehicle needs. To the extent DOTD can restructure its operational structure to allow for fewer vehicles needed, this would likely reduce estimated fiscal impact.

Annual vehicle purchases are typically one-time purchases that are nonrecurred every year by the Division of Administration (DOA) during the Executive Budget Development process. Thus, the fiscal impact of not replacing a vehicle due to this recommendation is not considered because absent of this recommendation those specific vehicles are nonrecurred every year during the normal Executive Budget Development process.

The means of financing impacted is the Transportation Trust Fund, which is an annual finite revenue source generated from the 16 cent gasoline tax, which generates approximately \$500 million annually.

NOTE: The rental car rate of \$34/day is based upon mid-size car. A portion of these rental vehicles could be trucks, which will cost more per day.

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|---|----------------------------|--|-----------------------------------|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | <u>H. Gordon Monk</u> |
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